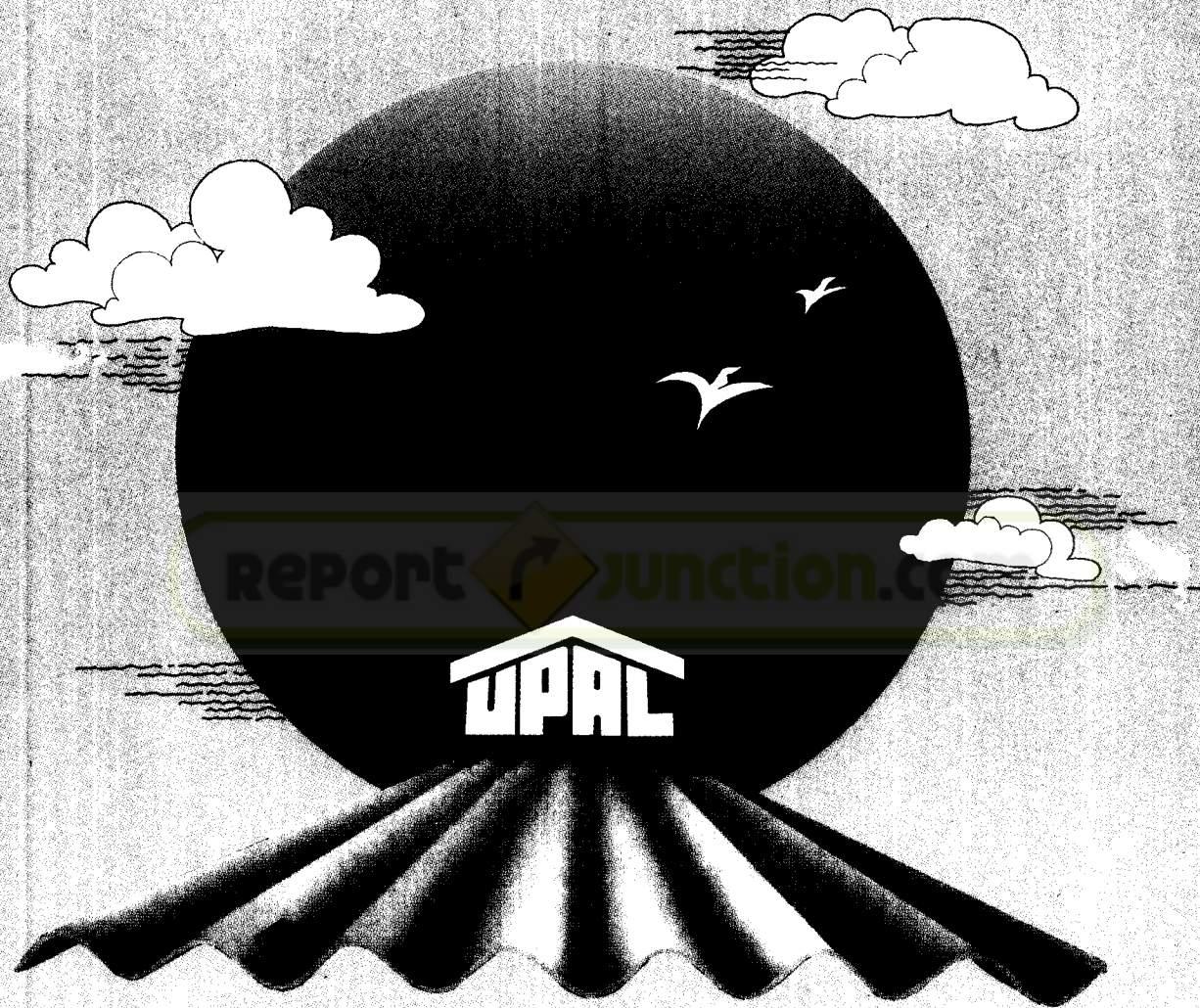


ANNUAL REPORT

2002 - 2003



U.P. Asbestos Ltd.

U. P. ASBESTOS LIMITED

DIRECTORS

Shri Ramesh Chandra, *Chairman*
Shri Dharam Mohan
Shri N. M. Majmudar IAS (*Retd.*)
Shri Amitabh Tayal, *Managing Director*
Shri Harbhajan Singh, *Executive Director*

BANKERS

State Bank of India
State Bank of Bikaner & Jaipur

AUDITORS

M/s Jain Kapoor & Co.
Chartered Accountants

REGISTERED OFFICE

Mohanlalganj-227 305
Distt. Lucknow, U.P.

WORKS

Mohanlalganj-227 305
Distt. Lucknow, U.P.
C-231, MIDC, Butibori
Industrial Area-441 108
Nagpur (Maharashtra)

ADMINISTRATIVE OFFICE

Mahmoodabad Estate Bldg.,
15 Hazratganj,
Lucknow-226 001.

Report  Junction.com

DIRECTORS' REPORT

To the Members,

Your Directors present the 29th Annual Report together with audited accounts of the Company for the year ended 31st March, 2003.

SUMMARISED FINANCIAL RESULTS

	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
Sales	8586	8431
Depreciation	210	210
Interest	381	457
Operating Profit	319	164
Expenses relating to previous year	22	5
Extraordinary Item	0	147
Profit before Tax	297	12
Profit (Loss) after Tax	204	(-) 8
Add : Profit & Loss Accounts		
At the beginning of the year	751	1220
Less : Deferred Tax Liability upto 31.3.01	0	447
Available for appropriation	<u>955</u>	<u>765</u>
Proposed Dividend	14	14
Dividend Tax	2	0
Balance retained in Profit & Loss Account	<u>939</u>	<u>751</u>
Total	<u>955</u>	<u>765</u>

DIVIDEND

Your Directors have recommended a dividend of Rupee 0.50 per equity share for the financial year ended 31st March, 2003 subject to approval of Banks/Financial Institutions.

As per Finance Act, 2003 the dividend when received by the shareholders will be free of tax in their hands and the Company will pay dividend distribution tax @ 12.50% plus applicable surcharge on the dividend amount. Necessary provisions of Rs. 14.41 Lacs for dividend and Rs. 1.85 Lacs for tax (including surcharge) have been made.

DEPOSITORY FACILITIES IN RESPECT OF EQUITY SHARES

The Company has introduced Depository facilities in respect of its Equity Shares under the Depositories Act, 1996 and the regulations made thereunder. Those members who are desirous of opting for the facility should contact one of the Depository Participants (DPs).

PERFORMANCE

There is overall improvement in the performance of the Company during 2002-03. This is attributable to better productivity, slight improvement in market conditions and lower interest expense due to better funds management. The working at the Nagpur unit showed some improvement over the previous year due to sustained efforts of your management. However still the desired extent of market share in Maharashtra State could not be achieved and the goods had to be sold to far off markets, resulting in higher transport cost and thus in an implied way, lower realisation. The efforts in this direction are continuing, by way of entering into a selling arrangement for Maharashtra with Juventus Marketing (P) Ltd. with a view to increase its market shares and improve sales from Nagpur unit. We are hopeful of improvement in market shares in Maharashtra and also in realisation.

Barring unforeseen circumstances your directors are hopeful of satisfactory performance during the current year.

EXPANSION

The Company has entered into an agreement with Roofit Industries Ltd. for running a temporarily closed unit at Gummidipoondi (Chennai) for manufacture of Asbestos Cement Sheets in June 2003. We are at a very initial stage but hope to progress the matter in the current financial year.

DIRECTORS' REPORT (Contd.)**FIXED DEPOSIT**

The amount of fixed deposit accepted from the public during the year under review was within prescribed limits. At the end of the financial year, deposits amounting to Rs. 40,000/- from 2 depositors remained unclaimed.

DIRECTORS

Mr. N. M Majmudar and Mr. H. B. Singh retire by rotation and being eligible, offer themselves for reappointment.

Mr. Amitabh Tayal has been reappointed Managing Director w.e.f. 01.08.2003 on revised terms as recommended by the Remuneration Committee and approved by shareholders in the Extra Ordinary General Meeting held on 06.06.2003.

AUDITORS

At the Annual General Meeting, members will be requested to appoint Auditors for the current year and to fix their remuneration. M/s Jain Kapoor & Co., the present auditors of the Company, have, pursuant to Section 224 (1) of the Companies Act, 1956, furnished a Certificate regarding their eligibility for reappointment. Members are requested to reappoint them and fix their remuneration.

The observations made by the Auditors in their report have been clarified in the relevant notes forming part of the accounts, which are self-explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

(A) The Company has been advised that the requirement of giving detailed report on Corporate Governance is not applicable to your Company as yet.

Your Directors affirm your Company's philosophy of efficient conduct of its business and fulfilling its corporate responsibilities towards Shareholders, Depositors, Creditors, Consumers, Institutional and other Lenders and Employees and Places due emphasis on regulatory compliance.

(B) Pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any, applicable.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) The Directors had taken proper and sufficient care to the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

PERSONNEL

Your Directors place on record their sincere appreciation for the dedication shown by the employees at all levels. The information under Section 217 (2A) of the Companies Act, 1956 is not applicable since there are no employees covered under the Section.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988. Information is given as Annexure - 'A' to this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to acknowledge the support and cooperation of the financial institutions, banks, customers and business associates.

On behalf of Board of Directors

Place : Lucknow

Date : 14th July, 2003

N. M. Majmudar
Director

Amitabh Tayal
Managing Director

ANNEXURE TO DIRECTORS' REPORT



Annexure 'A' COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

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A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

All electrical machineries and appliances are suitably shut down to avoid unnecessary wastage of energy.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The Company has always been conscious of the need for reduction of consumption of energy.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

B. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.

Research and Development (R & D)

1. Specific areas in which R & D is carried out by the Company

(a) Effective utilisation of waste material.

(b) Monitoring and controlling pollution.

2. Benefits derived as a result of the above R & D.

(a) An effective Air Pollution Control Plant has been desired and installed to minimise the escaping of fibre dust particles into the ambient air.

(b) An ETP has been desired to render the effluent comparatively harmless and to recycle the same to a much greater degree than before.

(c) We are recycling waste.

3. Future plan of action

Not Applicable

4. Expenditure on R & D

2002-03
(Rs. in Lacs)

(a) Capital

(b) Recurring

(c) Total

(d) Total R & D expenditure as a percentage of total turnover (%) NIL

ANNEXURE TO DIRECTORS' REPORT (Contd.)

5. Technology absorption, adaptation and innovation :

- | | |
|--|----------------|
| (a) Efforts, in brief, made towards technology absorption, adaptation and innovation. | None |
| (b) Benefits derived as a result of the above efforts e.g. production improvement, cost reduction, product import substantial etc. | Not Applicable |
| (c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) : | |
| (i) Technology imported (product) | None |
| (ii) Year of import | Not Applicable |
| (iii) Has technology been fully absorbed ? | Not Applicable |
| (iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action. | Not Applicable |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | |
|--|------------------------------------|
| (i) Activities relating to export initiatives taken to increase exports, development of new export markets for products and service and export plans | NIL |
| (ii) Total foreign exchange used and earned (Rs. in Lacs) | Used : Rs. 1749.21
Earned : NIL |

AUDITORS' REPORT

To
The Members of
U.P. ASBESTOS LIMITED

1. We have audited the attached Balance Sheet of U.P. ASBESTOS LIMITED as on 31st March, 2003 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4 A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of accounts;
 - (d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3 C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the Directors and taken on record by the Company, we report that none of the Directors are disqualified, as on the balance sheet date, from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts **subject to note no. 24 regarding balance confirmation and its impact, if any, on profit and reserves;** and read together with other notes in Schedule 'P', give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) in the case of Balance Sheet of the state of affairs of the Company as on 31st March, 2003; and
 - (ii) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement of the Cash flows for the year ended on that date.

for JAIN KAPOOR & CO.,
CHARTERED ACCOUNTANTS,

Place : Lucknow

(SANDEEP KUMAR)

Date : 14th July, 2003

Partner

AUDITORS' REPORT (Contd.)**Annexure to Auditors' Report on the Accounts of U.P. ASBESTOS LIMITED**

for the year ended 31.03.2003

(Referred to in para 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) As informed to us, physical verification of substantial portion of the fixed assets have been carried out by the management during the year which in our opinion, is reasonable. We have been informed that no material discrepancies were noticed during the course of such verification.
2. None of the fixed assets have been revalued during the year.
3. As informed to us, physical verification of finished goods, stores, spare parts and raw materials was conducted by the management at year-end except for materials stated to be with third parties. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
5. It is explained that discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the Companies listed in the Register maintained under Section 301 of the Companies Act, 1956, are not prima-facie prejudicial to the interest of the Company.
8. The Company has not given / granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
9. Loans and advances in the nature of loans have been given to employees who are generally repaying the principal amounts as stipulated. No interest is being charged on loans and advances to employees.
10. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of business with regard to the purchase of stores, raw material including components, plant and machinery, equipment and other assets and for sale of goods.
11. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.